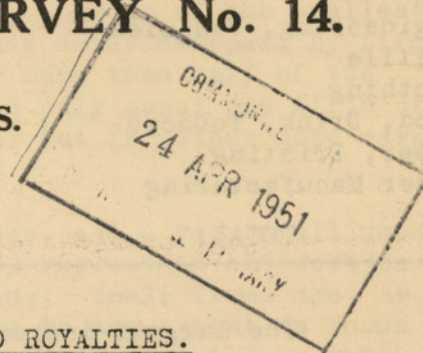




COMMONWEALTH BUREAU OF CENSUS AND STATISTICS.

QUARTERLY BUSINESS SURVEY No. 14.

PRELIMINARY RESULTS.



I. VALUES OF STOCKS OF GOODS.

II. RECEIPTS AND PAYMENTS OF RENT, INTEREST AND ROYALTIES.

Quarterly Business Survey No. 14 sent out at the end of September, 1950 asked for information about the values of stocks of goods held by private businesses at their previous two balancing dates, and for details of the receipts and payments of rent, interest and royalties in the last financial year. The results of this survey are presented below. These Surveys are circulated to a sample number of firms in private business excluding those in rural industry. Governments and most government instrumentalities are also excluded. The figures below are estimated totals for all such firms subject to payroll tax and are derived from returns received from firms accounting for about 30 per cent of the wages and salaries paid by all firms subject to payroll tax.

I. VALUES OF STOCKS OF GOODS

The total value of stocks held by manufacturing and trading businesses subject to payroll tax increased by about £100m. between 1949 and 1950 to a total of £723m. Stocks held by manufacturers increased by £61m. or 16 per cent above the 1949 level and stocks held by traders by £40m. or 17 per cent. The current value of total stocks held represents an increase of about 120 per cent over the value in 1946.

Table 1 shows the values of stocks held by manufacturers and traders at balancing dates in each year since 1946.

Table 1. Value of Stocks held by Manufacturers and Traders

	1946	1947	1948	1949	1950
	£m	£m	£m	£m	£m
Manufacturers	217	259	325	382	443
Wholesalers & Retailers	114	163	210	240	280
TOTAL:	331	422	535	622	723

The increase in manufacturers' stocks of £61m. between 1949 and 1950 was about the same as the previous year but less than the increase of £66m. between 1947 and 1948. Percentage increases in the last four years have been 19%, 25%, 18% and 16%. The rate of increase in value of wholesalers and retailers' stocks decreased from 43% between 1946 and 1947 to 14% between 1948 and 1949, but was slightly higher at 17% between 1949 and 1950.

Detailed figures of the values of stocks in the chief manufacturing industries since 1946 are shown in Table 2.

Table 2. Value of Manufacturers Stocks.

Industry	1946	1947	1948	1949	1950
	£m	£m	£m	£m	£m
Engineering, Vehicles	81	95	115	135	173
Textile	16	21	24	33	36
Clothing	18	21	29	36	41
Food, Drink, Tobacco	44	53	60	66	73
Paper, Printing	11	13	23	25	22
Other Manufacturing	47	56	74	87	98
TOTAL:	217	259	325	382	443

The largest increases in the value of stocks held between 1949 and 1950 are in the engineering and vehicles and "other manufacturing" industries - engineering and vehicles showing an increase of £38m. and "other manufacturing" of over £10m. The increase in engineering and vehicles was about 28% and all other industry groups except paper and printing show increases of between 10 to 15 per cent. The changes in the value of stocks in the paper and printing industry have been irregular and there was a slight decrease between 1949 and 1950. As compared with 1946 levels the value of stocks in all industry groups except food, drink and tobacco was at least double in 1950.

II. RECEIPTS AND PAYMENTS OF RENT, INTEREST AND ROYALTIES

In Part II of this Survey an attempt was made to obtain information about the structure of indebtedness in Australian business. Firms were asked to give figures of the rent, interest and royalties paid or received by them during the preceding financial year. As the questionnaire was circulated at the end of September, 1950, the figures given below could be taken as applying broadly to the year 1949-50. Rural industries, banks and insurance companies and other purely property and financial enterprises are not included in figures below which represent estimates for the rest of the private business firms which are subject to payroll tax.

Total payments were estimated at £32.8m., made up of £14.8m. rent, £13.0m. interest, and £5.0m. in royalties. Receipts were £15.7m., including £9.3m. rent, £6.0m. interest and £.4m. royalties. On balance this sector of the economy made a net payment of £17.1m. for the use of property other than proprietors' or shareholders' funds. However, a substantial part of the receipts go to comparatively few companies, and in particular the bulk of interest other than government loan interest is received by wool and produce broking firms and represents interest on loans to primary producers. To the extent that a company has a large income from interest and rent it is somewhat similar in nature to financial enterprises such as banks and life offices, and therefore the significance of the figures is lost to some extent by considering only the net totals. If the total of payments of £32.8m. is considered it represents a very considerable capital value in the form of money or property which is borrowed or rented by business firms other than those of the financial enterprise type.

The following table shows the payments divided between the major industry groups.

PAYMENTS OF RENT, INTEREST AND ROYALTIES £m.

	PAYMENTS			
	Rent	Interest	Royalties	Total
Mining	.2	.5	.8	1.5
Manufacturing	5.8	7.6	3.7	17.2
Commerce	4.0	3.3	.6	7.8
All other	4.8	1.5	-	6.3
TOTAL:	14.8	13.0	5.0	32.8

NOTE: Totals do not always agree with the sum of individual items due to errors of rounding - less than £50,000.

Approximately one tenth of the rent payments are for dwellings and residential land. The remainder is mainly for other land and buildings with about £.9m. for machinery. Rent payments are relatively more important for smaller firms showing that such firms tend to rent their premises in contrast to larger firms which own their own premises. Taking a group of the smallest firms which pay about one third of the total wages and salaries (paid by firms subject to payroll tax) it is found they paid rather more than half of the total rent. The largest third on the other hand paid only about one fifth of the rent. This tendency appears to be fairly general but is rather more marked in manufacturing than in other industry groups.

About 60% of the interest is paid to banks, and a very small amount (about 2%) on hire purchase loans. The remaining 38% represents interest on debentures, mortgages and all other types of borrowing. Small firms are, as might be expected, the only ones to use hire purchase to any extent as shown by the fact that they pay most of the hire purchase interest. Apart from this element interest payments exhibit the opposite tendency to that of rent payments in that they are relatively more important in the larger firms. A group of the larger firms paying one third of total wages and salaries paid about 40% of the total interest, while the smallest third paid only 25%. Again the tendency appears more pronounced in manufacturing than in other industries, the larger manufacturing firms being relatively heavy borrowers both from the banks and from other sources. Issues of debentures by a number of large companies represent an appreciable portion of this "other" borrowing.

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